

90-011

August 21, 1990

School Districts, Educational Service Districts, and State employers of TRS employees

Change in procedures for reporting substitute teachers

Employer reporting procedures for substitute teachers will change effective September 1, 1990. These new procedures result from changes in Teachers' Retirement System (TRS) law, legislated by Substitute House Bill (SHB) 2644 of 1990.

Summary of Changes

Beginning with the 1990-91 school year, substitute teachers who want to establish TRS member service credit will have to apply directly to the Department of Retirement Systems anytime after the conclusion of the school year. School districts will no longer report substitute teachers on the monthly transmittal report, nor will they withhold member contributions.

Plan I members who are substitutes may establish a full year of service credit if they work 144 days or more during the period from July 1 through June 30 of the following year; they may establish a partial year of credit if they work at least 20 days. Plan II substitute teachers may establish service credit for each month in which they work 90 or more compensated hours. Plan II substitutes will earn a full year of service credit if they work during nine months of the period from September 1 through August 31 of the following year, and if they also have at least 810 compensated hours.

To receive service credit, the substitute teacher is required to provide DRS with "proof of hours worked and compensation earned" (Section 5(1)(b) of SHB 2644).

After DRS accepts the substitute teacher's application for service credit, the member will pay the member contributions due directly to DRS; then DRS will bill the substitute teacher's employer(s) for the employer contributions due. Substitute teachers' member contributions will be paid by the member in after-tax dollars and therefore will not be tax-deferred.

Definition

SHB 2644 specifically defines *substitute teacher*:

Substitute teacher means:

- (a) A teacher who is hired by a school district to work as a temporary teacher, except for teachers who are contract employees of a school district and are guaranteed a minimum number of hours; or
- (b) Persons who work in ineligible positions in more than one school district.

Temporary teachers are classified as substitutes whether they are working in an eligible or an ineligible position. The only exception is a teacher who temporarily fills teaching positions but has a contract with the school district and is guaranteed a minimum number of hours, as in section (a) above.

Eligible position and *ineligible position* are terms that apply only to TRS Plan II. Plan I members who are regularly employed less than full-time will continue to be reported on the monthly transmittal as they have been in the past.

Employer Report to the Substitute Teacher

SHB 2644 requires that employers “shall quarterly notify each substitute teacher it has employed during the school year of the number of hours worked by, and the compensation paid to, the substitute teacher.” You will also need to provide the reports to any part-time Plan II teachers when their positions are ineligible if they also work in one or more **ineligible** positions for other employers, because these employees meet the part (b) definition of *substitute teacher*. (For more information about TRS Plan II ineligible positions, see DRS Notice 90-007, June 5, 1990.)

The quarterly reports are provided directly to the substitute teacher; they are **not** submitted to DRS.

When a substitute applies to DRS to receive service credit, he or she must support this application with “proof of hours worked and compensation earned.” DRS will accept the employer’s quarterly notification to the substitute as “proof of hours worked and compensation earned” if the quarterly report contains the information that DRS needs to evaluate and verify service credit and contributions due.

If DRS is to use the employer's quarterly reports to the substitute as documentation, the reports must contain the following information:

1. The employee's name, social security number, and the employing organization's name. The employer's DRS reporting department number is not required, but if it is included it will expedite processing of the substitute's application.
2. The number of **days** worked each month for Plan I members; the number of **hours** worked each month for Plan II members.
3. Compensation identified **by earning month**, not by the month in which it was paid to the substitute.
4. Complete compensation and service information for the member's service credit year. The service credit year for Plan I is July 1 - June 30; the service credit year for Plan II is September 1 - August 31.
5. The form must carry the signature of the payroll officer or other person who is also authorized to sign DRS 003s or Proof of Service forms.

If the employer's quarterly reports to the substitute contain the above information, DRS will be able to determine service credit and bill the member and employer. If the quarterly reports do not contain this information, it will be necessary for employers to complete DRS 003s or Proof of Service forms for substitutes.

It is the substitute teacher's responsibility to retain the information provided on the quarterly report and provide it to DRS at the close of the school year, should they choose to apply for service credit. **Employers should not send quarterly reports to DRS.**

Employer Transmittal Reporting

Effective September 1, 1990, school districts will no longer report or take contributions for substitute teachers. This means you will no longer use status code "H" for any transmittal transaction.

Substitutes that you have been reporting for the 1989-90 school year should be terminated from the transmittal report before you begin reporting the 1990-91 school year. Enter status code "S" and an end date on the transmittal report. (The "earning period" month and year on the transmittal must be the same as the "end date" month and year.) Also submit a Notice of Separation. No compensation, contributions, or hours or days should be reported for substitutes for any earning period after August 1990.

What Further Action Should Employers Take?

Once you have separated your current substitutes from the transmittal and EPR system, your future responsibilities in regard to substitute teachers are:

- Provide each substitute teacher with the quarterly report of service and compensation. (“Substitute teacher” includes Plan II teachers who teach in ineligible positions for more than one employer.)
- Complete DRS 003s or Proof of Service forms, when requested to do so, for substitutes who apply for service credit. This will not be necessary if the quarterly reports you provided to the substitute contain the information described on page 3 of this Notice.
- Pay employer contributions when billed.

Questions?

If you have questions about substitute teachers, you may call Bev Delaney of the DRS Membership Section at (206) 753-3109, SCAN 234-3109. Questions about transmittal reporting should be directed to the Employer Relations Unit at (206) 753-8696, SCAN 234-8696.

DRS is preparing a brochure for substitute teachers, explaining the new rules and procedures for them to obtain service credit. These brochures will be available in September. If your substitute teachers have questions about the new law, refer them first to the brochure.

George Northcroft
Director

1990 DRS Notices

Each DRS Notice will include a list of all Notices previously published during the calendar year, their subject matter, and a statement of which employers each Notice was sent to.

If you did not receive a Notice, check this list to verify that the Notice applies to you and/or your employees. If you need a copy, call the DRS Technical Writing Unit at (206) 586-4515, SCAN 321-4515.

Notice No.	Date	Applies to/ Subject matter
90-001	Jan. 10	School district employers using the WSIPC system Transmittal data problems
90-002	Jan. 28	All Employers Transmittal report month-end processing dates
90-003	Apr. 2	State agencies using the PISD Central Payroll System to report members of the Public Employees' Retirement System Changes in some requirements for submitting Employee Permanent Record and Notice of Separation forms for PERS employees
90-004	May 29	All Employers Summary of 1990 legislation related to retirement issues
90-005	May 30	PERS Employers Temporary employment in eligible PERS positions
90-006	June 4	PERS, TRS, and LEOFF Employers Reemployment of retirees
90-007	June 5	TRS Employers <i>Eligible position</i> in the Teachers' Retirement System Plan II
90-008	July 3	All Retirement System Employers Revised Request for Refund of Contributions forms (DRS 576015)
90-009	July 16	All Retirement System Employers Contribution rate changes

90-010	July 23	PERS Employers
		Change in the definition of <i>eligible position</i>
